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14 June 1960

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# CENTRAL INTELLIGENCE BULLETIN

# INTELLIGENCE

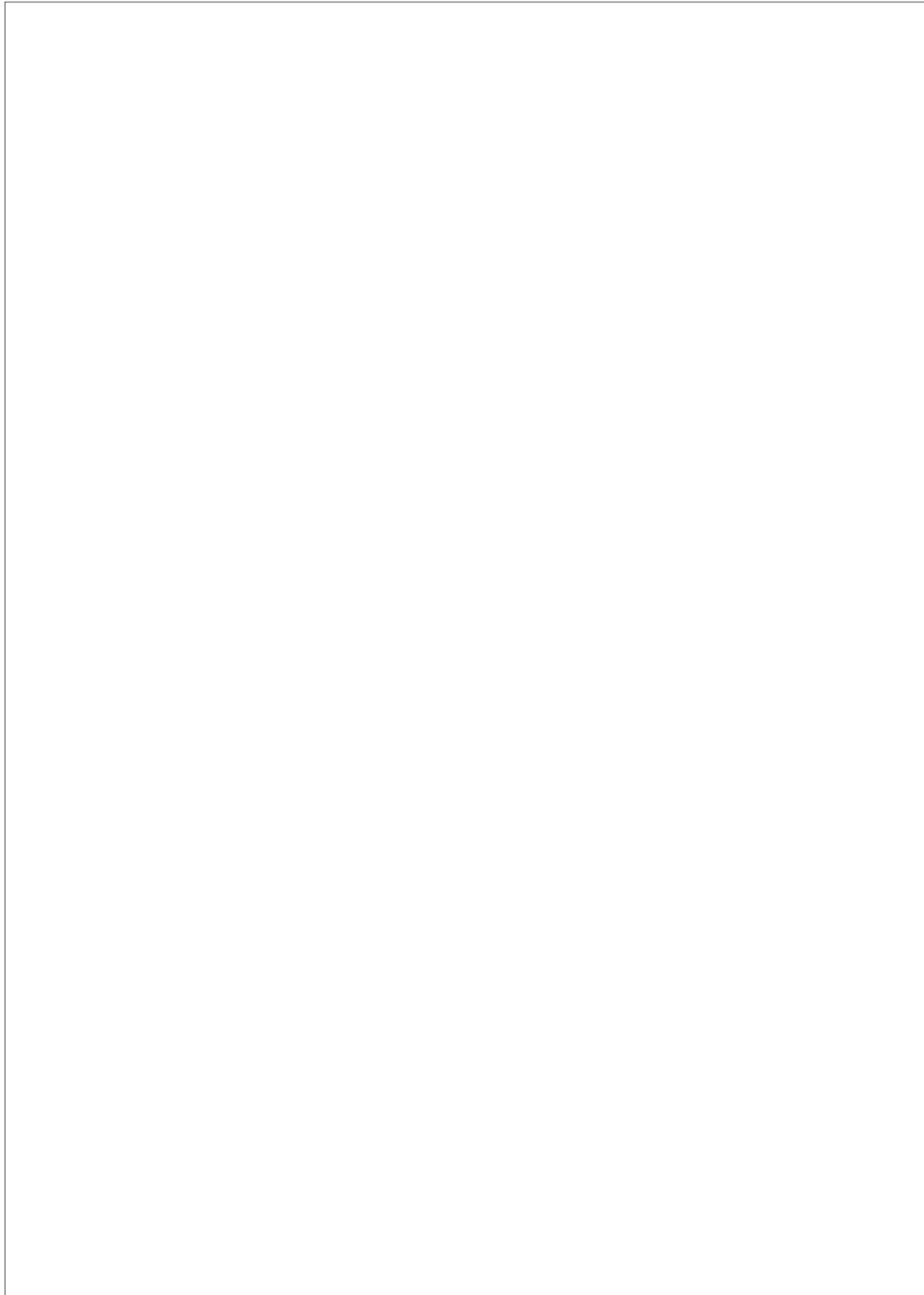
# BULLETIN



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14 JUNE 1960

**I. THE COMMUNIST BLOC**

Burma reportedly to accept Czech credit of 10,500,000 for industrial equipment. ①

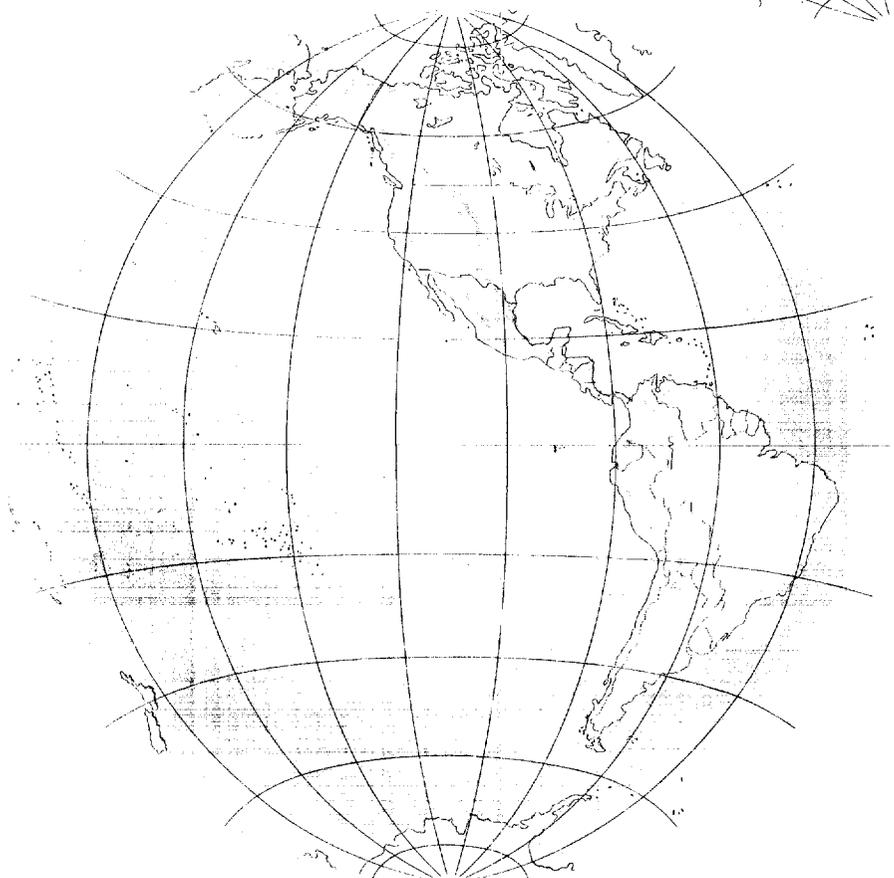
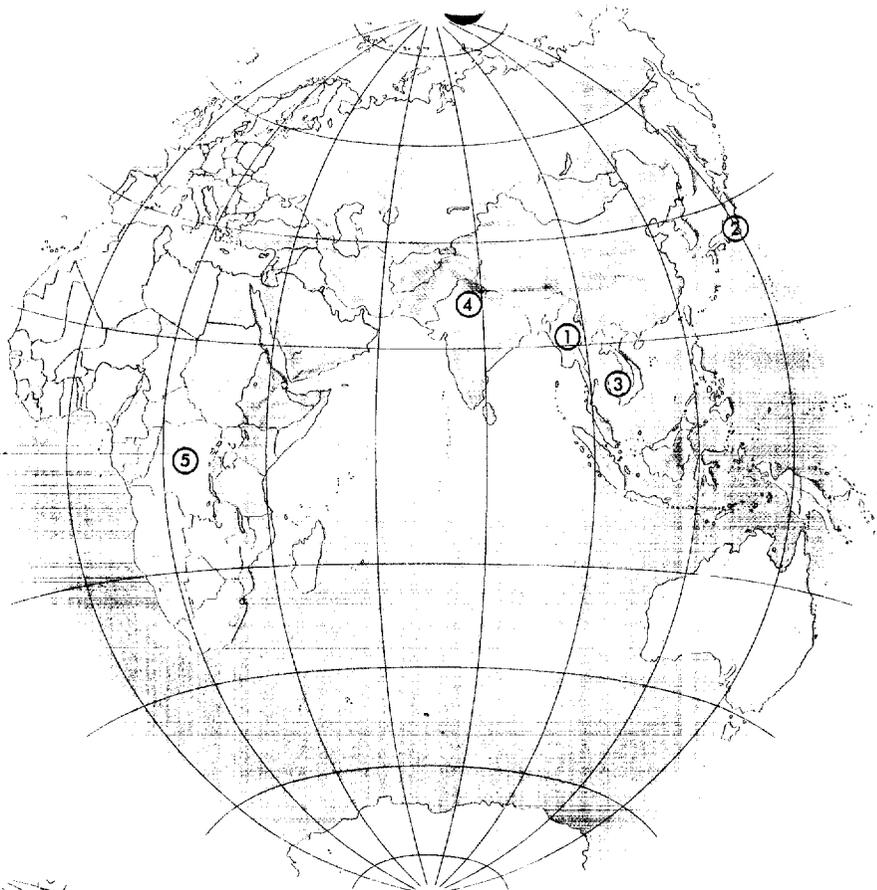
**II. ASIA-AFRICA**

Japan--Government may recess Diet and delay treaty ratification until after President's visit. ②

Cambodia and Communist China have military agreement ready for signature, according to a British report. ③

Sino-Indian border problem continues to give serious concern to New Delhi officials. ④

New Congolese government will face critical financial situation. ⑤



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## CENTRAL INTELLIGENCE BULLETIN

14 June 1960

## DAILY BRIEF

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## I. THE COMMUNIST BLOC

Bloc-Burma: [Burma has reportedly decided to accept a Czechoslovak offer of a \$10,500,000 line of credit to finance the purchase of Czech industrial equipment. Other bloc countries have shown renewed interest in Burma since the return to power of U Nu, who is considered more receptive to bloc overtures than his predecessor, Ne Win. There have been general bloc offers for expanded trade, and Peiping and Moscow have offered new economic assistance. ]

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## II. ASIA-AFRICA

\*Japan: Despite the government's formal position that the security treaty would be approved before President Eisenhower's arrival, there now is some indication that the Diet may be recessed and action postponed on the treaty until after the President's visit. The government would hope by this means to gain the cooperation of the opposition in calming the local situation. The radical leftist elements, however, would be unlikely to be influenced by such a move. ]

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[Cambodia: ]

some form of military agreement has been reached between Cambodia and Communist China and awaits signature "at the right moment." ]

Peiping has promised jet planes to Cambodia. The Chinese have never signed a defense agreement with a non-Communist country, but they are probably willing to provide arms in the hope of disrupting US military aid. The violent anti-American campaign of the past few weeks in Cambodia and the possibility of closer relations with Peiping have led British officials to conclude that Sihanouk intends to break with the United States. While ]

[ Prince Sihanouk remains extremely suspicious of the US, he probably would not deliberately compromise Cambodian neutrality and forego American military aid in the absence of clear-cut aggression from South Vietnam or Thailand. ]

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[ India: Reports of increasing Chinese construction activity in the disputed border area, apparently aimed at consolidating Peiping's control, continue to reach New Delhi. Recent flights over the Ladakh area by unidentified aircraft--presumed by the Indians to be Chinese--reportedly have heightened official anxiety. Defense Minister Krishna Menon apparently is pressing for more aggressive patrolling tactics along the frontier, even if they lead to incidents with Chinese forces. Such a policy, however, is not likely to receive Nehru's approval, at least for the present. A team of Indian officials arrived in Peiping on 13 June to begin detailed study of documents relating to the border dispute. ]

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[ Belgian Congo: A worsening financial situation may prompt the Congolese government, when it is formed, to take drastic action following the colony's independence on 30 June. The American Consulate General speculates that, confronted with Belgian-incurred deficits totaling over \$80,000,000, the Congo may repudiate its debts and resort to large-scale dismissals of Belgian civil servants. The consulate general emphasizes that the failure of Western nations to come forward with firm offers of economic aid would increase the Congo's susceptibility to overtures from the bloc. ]

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DAILY BRIEF

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~~SECRET~~New Bloc Economic Approaches to Burma

[ A \$10,500,000 credit recently offered by Czechoslovakia and reportedly accepted by Burma is the first indication that the bloc's bid for new economic ties with Rangoon may meet a favorable response. ] The Sino-Soviet bloc has shown renewed interest in Burma since the return to power of U Nu, who is considered more receptive to bloc overtures than his predecessors. Representatives from the USSR, Czechoslovakia, East Germany, and Communist China have held out prospects for an expansion of trade, and both Moscow and Peiping have expressed a willingness to provide new economic assistance. [ Soviet aid has been proposed for construction of a road network linking Burma with other Southeast Asian countries, and China has offered to provide machinery and technical assistance for light industrial projects. ]

As one of the first Asian countries to embark on extensive economic relations with the bloc, Burma has learned of the disadvantages as well as advantages of bloc trade and aid programs, and the experience of both sides since 1955 probably will dictate caution in negotiating new agreements. It is unlikely, for example, that the bloc will attempt--or Burma will accept--renewal of the bilateral barter agreements, all of which have been terminated. Burma's difficulties in using the credits it generated through rice exports to the bloc probably will preclude large-scale barter commitments, and if possible Rangoon will insist on cash transactions similar to those which have fostered the continuation of Sino-Burmese trade--at lower levels--since the barter agreement was canceled in 1957.

Proposed bloc economic aid projects in Burma will probably also be carefully planned to avoid raising such grandiose hopes which had been expressed for earlier Soviet projects and which resulted in severe domestic criticism when the plans proved overly optimistic. Of the nine original Soviet "gift" projects--all of which were to be repaid with Burmese "gift" rice--only three are actually being carried out. [REDACTED]

[REDACTED]

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### Kishi Government Reported Considering Possibility of Diet Recess

Despite the Japanese Government's formal position that the US-Japanese Security treaty would be approved at least one or two days prior to President Eisenhower's arrival on 19 June, there is now some indication that the Diet may be recessed and action postponed on the treaty until after the President's visit.

The Kishi government has been making efforts to reach some kind of a truce with the opposition Socialist parties for the period of the President's visit. However, Inejiro Asanuma, chairman of the Japanese Socialist party, which has been supporting the anti-treaty demonstrations, has refused even to talk with Kishi. Although Suehiro Nishio, head of the less extreme Democratic Socialist party, met with Kishi on 13 June and reportedly agreed that his party would join in welcoming the President, he took the position that Kishi should make necessary concessions to persuade both Socialist parties to resume participation in the Diet.

Following this talk with Nishio, Kishi and other top leaders of the governing Liberal Democratic party are reported to have discussed a plan to recess the Diet for five days, but to have postponed any decision pending further developments in the upper house. The Treaty Committee of the upper house canceled the session it had scheduled for 13 June while leaders of the major political groups in the upper house discussed a possible parliamentary recess.

Should the government decide to recess the Diet, the objective would be to gain the cooperation of the opposition in calming the local situation. Radical leftist elements, however, would be unlikely to be influenced by such a move. The radical student organization Zengakuren has stated that beginning on 13 June it will use force to prevent Liberal Democratic members of the upper house from entering the Diet premises.

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Cambodia and Communist China Reported Ready to Sign  
Military Agreement

[redacted] a "military pact" between Cambodia and China has been drafted and awaits signature "at the right moment," and that the Cambodian defense minister is leaving for Prague this week to negotiate a Czech arms deal. British officials view these reports, in conjunction with the current anti-American propaganda campaign in Cambodia, as indications of deliberate preparations by Sihanouk to break with the United States.

Sihanouk may feel that Cambodia could safely accept limited Soviet bloc arms aid, and he would almost certainly be tempted by an offer from Peiping--recently reported by a French source--of jet planes for the small Cambodian Air Force. He is probably reluctant, however, to break with the United States--a move which would compromise Cambodian neutrality and result in the loss of American arms aid--in the absence of clear-cut aggression from Thai or South Vietnamese quarters. While Peiping has never signed a mutual defense agreement with a non-Communist country, it is probably willing to provide arms in the hope of disrupting US military aid.

Meanwhile, Prince Sihanouk, responding to popular requests and draft calls from various governmental organs, intends to assume the role of chief of state in a move to tighten his control over the government at a time of political tension over the choice of a successor to the late king. Sihanouk resigned from the premiership after the death of his father, King Suramarit, in early April and has engaged in a behind-the-scenes struggle with powerful palace circles concerning the choice of a new monarch. Sihanouk apparently will act as regent pending the eventual succession of one of his sons to the throne, although there are some reports that he may even abolish the monarchy. [redacted]

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Indian Authorities Weigh Sino-Indian Border Problems

Concern among top Indian leaders over the Sino-Indian border situation has intensified recently in the wake of reports from military posts of "intensive" Chinese Communist construction activity in disputed border areas and the arrival of new contingents of Communist troops. Indian officials feel that Peiping's effort to extend roads and build military support facilities is aimed primarily at consolidating its position in the disputed territory it now holds. Overflights of the Ladakh border area during late May and early June by unidentified aircraft--presumed by the Indians to be Chinese--have heightened official anxiety. A new influx of Tibetan refugees has further complicated New Delhi's problem.

In recent cabinet discussions Defense Minister Krishna Menon apparently has strongly advocated more aggressive patrolling tactics along the frontier, arguing that inaction would only lend permanency to Chinese occupation of Indian-claimed territory and further weaken New Delhi's position. "Forward patrolling," with the "clear anticipation" of clashes with Chinese patrols, would demonstrate India's refusal to accept the status quo. Chou En-lai has said the Chinese would refrain from forward patrolling in order to avoid the intense animosity which follows military incidents. Communist forces, however, would probably attempt to turn back or capture any Indian patrols found in Chinese-claimed territory, and this could lead to a clash.

Menon probably made his proposal in an effort to bolster his personal political position by assuming the role of defender of the nation. He may calculate that an aggressive line will curry favor among Indian military leaders, despite indications that some officers feel their capabilities are overextended already. Menon's proposal reportedly has been shelved by Nehru pending further developments. A team of Indian officials arrived in Peiping on 13 June to begin detailed study of documents relating to the border dispute. They brought 500 documents with them.

Despite continuing domestic pressure for a more active policy, Nehru probably will continue to resist any tactics which he feels would give Peiping a propaganda advantage or risk serious hostilities.  ]

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Scientific Adviser to the President

Director of the Budget

Director, Office of Civil and Defense Mobilization

Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

Chairman, Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

**The Treasury Department**

The Secretary of the Treasury

**The Department of State**

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

**The Department of Defense**

The Secretary of Defense

The Deputy Secretary of Defense

Assistant Secretary of Defense for International Security Affairs

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

The Director, The Joint Staff

Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Commandant, United States Marine Corps

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of Army

Director of Naval Intelligence, Department of Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

Supreme Allied Commander, Europe

Commander in Chief, Pacific

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